

**1999 DRAFTING REQUEST**

**Bill**

Received: 10/28/1999

Received By: mlief

Wanted: Soon

Identical to LRB:

For: John Steinbrink (608) 266-0455

By/Representing: geoff

This file may be shown to any legislator: NO

Drafter: mlief

May Contact:

Alt. Drafters: grantpr  
shoveme

Subject: Education - school finance  
Munis - miscellaneous

Extra Copies: Peter Maternowski (DOA)

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Authorizing school boards to create capital improvement funds and adjusting revenue limits

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Required</u>
/?	mlief 10/28/1999	jgeller 10/29/1999		_____		S&L
/1			jfrantze 10/29/1999	_____	lrb_docadmin 10/29/1999	lrb_docadmin 11/01/1999

FE Sent For:

<END>

11-08-99

10/29/1999 10:36:39 AM  
Page 1

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/?	mlief 10/28/1999	ygeller 10/29/1999		_____			S&L
/1			jfrantze 10/29/1999	_____	lrb_docadmin 10/29/1999		

FE Sent For:

<END>

10/28/1999 03:39:26 PM

Page 1

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Alt. Drafters: grantpr  
shoveme

Subject: Education - school finance  
Munis - miscellaneous

Extra Copies: Peter Maternowski (DOA)  
(Send copy by e-mail)

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No specific pre topic given

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See Attached

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1/?	mlief	1 10/29 jg	26801	26 me			
			29	10/29			

FE Sent For:

<END>

**Lief, Madelon**

---

**From:** Gaston, Geoff  
**Sent:** Thursday, October 28, 1999 1:58 PM  
**To:** Lief, Madelon  
**Cc:** Maternowski, Peter; Steiger, William; Starzyk, Samantha; Krifka, Nancy  
**Subject:** FW: rush drafting request from Reps. Steinbrink, Porter, Kreuser  
**Importance:** High

-----Original Message-----

**From:** Gaston, Geoff  
**Sent:** Thursday, October 28, 1999 10:43 AM  
**To:** Grant, Peter  
**Cc:** Maternowski, Peter; Steiger, William; Starzyk, Samantha; Krifka, Nancy; Steinbrink, John; Kreuser, Jim  
**Subject:** rush drafting request from Reps. Steinbrink, Porter, Kreuser  
**Importance:** High

Peter -- Reps. Steinbrink, Porter and Kreuser would like to place a *rush* drafting request incorporating the attached changes to LRBb1521/1, which is AA28-AA2-ASA1-AB133.

Please call with any questions, and this request can be discussed with Peter Maternowski of the DOA budget office and Bill Steiger of the Governor's office, as well as Reps. Porter and Kreuser and their offices.

I believe these are changes you have discussed to some degree with Peter Maternowski designed to limit the school districts eligible to create the fund to only those with a retired TIF of greater increment value than \$300,000,000, and absolutely limit possible annual deposits into the fund to only the amount of the school district's annual portion of the positive tax increment in that year, and only until the year after the year in which the fund would have been required to terminate.

Thank you

Geoff  
Rep. Steinbrink's office  
6-0455

10/28/1999

## Changes to School Construction/Retired TIF District

Maintain language of AA28-AA2-ASA1-AB133 with the following changes to the paragraph allowing creation of the capital improvement fund:

1. Limit those school districts eligible to create this capital improvement fund to those that contain a TIF District that is terminated before the maximum number of years it could have existed, (language similar to lines 21-23, p. 444 in conference amendment?), and only if the retired TIF has an increment value of greater than \$300,000,000
2. Limit the funds eligible for deposit into the fund in any year to no more than the school district's portion of the positive tax increment of the retired TIF in that year, as determined each year by DOR, and funds can be deposited only until the year after the year in which the TIF would originally have been required to terminate (using language similar to deposit requirements and time limitation in current paragraph 2, pp. 444-445 – conference amendment)

### Questions:

Can the "shall" (line 3, p. 445 – conference amendment) be changed to a "may"? The goal being to ensure that a board could deposit an amount up to but not exceeding the school district's portion of the increment in that year, does the current reference to a percentage achieve that goal given the new limits in paragraph 1?

Drop the reference to eligible percentage of 66.7% if value increment less than \$300,000,000 (lines 6-7, page 455 – conference amendment) as extraneous?

Would the addition of a "(2)" after "s.120.135" in the reference to the revenue cap exception (line 20, p. 450 – conference amendment) add to the clarification of funds exempt from the cap?

Allow s.d. to capture positive tax inc.

Deposit in fund

Allow \$ to be exempt from rev limit exemption

2/3 vote create fund

" " deposit \$

- capped at sd's portion  
of tax increment

Diff bet val of  
prop before +  
after dev =  
value  
increment

Tax on value  
incr used  
for infrastructure  
during TIF

When TIF terms, value of tax increment  
goes back on tax roll, so when s.d. levies  
tax, they'll inc that value

If per pupil ex  
increase, sd.  
gets less state  
aid, so will  
have to levy  
more. Can lower  
levy because  
of b.s. tax base  
(red. in mill rate)

← Proposal allows s.d. to use tax - hypothetical  
increment to <sup>the direct to</sup> capital improvement fund

Can only collect tax if revenue limit goes back up.

↓ Proposal would allow sd to deposit value in ci fund  
+ they get revenue limit exemption for  
amount deposited. Can increase levy to make  
up for

## 1999 BILL

10/29  
by ~~10~~ 11 AM

Regen

- 1 AN ACT *to amend* 66.46 (5) (g) and 119.04 (1); and *to create* 120.13 (37) and  
2 121.91 (4) (h) of the statutes; **relating to:** authorizing a school <sup>board</sup> ~~district~~ to create  
3 a capital improvement fund and adjusting a school district's revenue limit.

---

***Analysis by the Legislative Reference Bureau***

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation or suitable for industrial sites. Once a TID has been created, the department of revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment". The tax increment is placed in a special fund that may only be used to pay back the project costs of the TID.

DOR authorizes the allocation of the tax increments until the TID terminates or 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first.

X With certain exceptions, current law limits the increase in the total amount of revenue that a school <sup>board</sup> may receive each school year through the combination of

**BILL**

general school aids and the property tax levy to approximately \$209 per pupil in the 1998-99 school year and, in subsequent school years, to the amount of revenue increase allowed per pupil in the previous school year increased by the percentage change in the consumer price index. The limit is based on the difference between the average number of pupils enrolled in the three previous school years and the average of the number of pupils enrolled in the current and two preceding school years.

This bill authorizes a school district to create a capital improvement fund to finance capital improvements. ~~If a TID that is located in the school district is terminated before the maximum number of years that it could have existed, in each year until the year after the year in which the TID would have been required to terminate, the school district may deposit in the fund an amount equal to the school district's portion of the positive tax increment of the TID, which shall be calculated by the department of revenue as if the TID has not terminated. The bill also increases the school district's revenue limit in any school year by the amount deposited in the capital improvement fund in that school year.~~

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

board, by resolution, ✓

and if the value of the increment exceeds \$300,000,000

that portion of the

specified in the school board's resolution

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

**SECTION 1.** 66.46 (5) (g) of the statutes is amended to read:

66.46 (5) (g) The department of revenue shall annually give notice to the designated finance officer of all governmental entities having the power to levy taxes on property within each district as to the equalized value of such property and the equalized value of the tax increment base. Such notice shall also explain that the tax increment allocated to a city shall be paid to the city as provided under sub. (6) (b) from the taxes collected. The department shall continue to give such notice to a school district after a tax incremental district terminates, under the circumstances described in s. 120.13 (37) (b), and shall notify the school district's finance officer what the school district's portion of the positive tax increment would have been for the period described in s. 120.13 (37) (b).

**SECTION 2.** 119.04 (1) of the statutes is amended to read:

WFO  
NOTE

LRBb1328/3

PG&amp;MES:cmh:mrc

if all of the following are true:  
[ENS. A]

SECTION 21.25m. 120.135 of the statutes is created to read:

**120.135 Capital improvement fund.** (1) By the first day of the 6th month commencing after the effective date of this subsection .... [revisor inserts date], by a two-thirds vote of the members elect, a school board may adopt a resolution creating a capital improvement fund for the purpose of financing the cost of acquiring and improving sites, constructing school facilities and major maintenance of or remodeling, renovating and improving school facilities.

(2) ~~If a tax incremental district that is located in whole or in part in the school district is terminated before the maximum number of years that the tax incremental district would have existed under s. 66.46 (7) (am) or (ar), in each year in which the school board adopts a resolution by a two-thirds vote of the members elect expressing its intention to do so until the year after the year in which the tax incremental district would have been required to terminate under s. 66.46 (7) (am) or (ar), the school board shall deposit into the capital improvement fund the percentage specified in the resolution of the school district's portion of the positive tax increment of the tax incremental district in that year, as determined by the department of revenue under s. 66.46. If the value increment is less than \$300,000,000, the percentage specified in the resolution may not exceed 66.7%.~~

(3) The school board shall use the balance of the school district's portion of the positive tax increment of the tax incremental district to reduce the levy that otherwise would be imposed.

(4) Money in the capital improvement fund may not be used for any purpose or be transferred to any other fund without the approval of a majority of the electors of the school district voting on the question at a referendum.

¶(b) The school board may not deposit into the capital improvement fund any amount other than the percentage specified under sub. (2).

%

→ not to exceed 100%

(5) The school board shall submit a report by January 1 of each odd-numbered year to the governor and the joint committee on finance describing the use of the moneys deposited into the fund under sub. (1) and the effects of that use.

~~3. Page 1124, line 5: after "commenced" insert "excludes any expenditures from a capital improvement fund created under s. 120.135".~~

~~4. Page 1126, line 5: after "(a) 3." insert "less the amount of any revenue limit increase under s. 121.91 (4) (h)".~~

~~5. Page 1136, line 9: after that line insert:~~

~~SECTION 21.58m. 121.91 (4) (h) of the statutes is created to read:~~

121.91 (4) (h) The limit otherwise applicable to a school district under sub. (2m) in any school year is increased by an amount equal to the amount deposited into the capital improvement fund under s. 120.135<sup>(12)</sup> in that school year.

(END)

**1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB  
.....

**INS 3-9**

(a) (intro.)

**SECTION 1.** 121.07 (6) <sup>(a) (intro.)</sup> of the statutes, as affected by 1999 Wisconsin Act 9, is amended to read:

(intro.)

121.07 (6) (a) <sup>(intro.)</sup> "Shared cost" is the sum of the net cost of the general fund and the net cost of the debt service fund, except that "shared cost" excludes any costs, including attorney fees, incurred by a school district as a result of its participation in a lawsuit commenced against the state, beginning with such costs incurred in the fiscal year in which the lawsuit is commenced, excludes any expenditures from a capital improvement fund created under s. 120.135 and excludes the costs of transporting those transfer pupils for whom the school district operating under ch. 119 does not receive intradistrict transfer aid under s. 121.85 (6) as a result of s. 121.85 (6) (am). In this paragraph, "net cost of the debt service fund" includes all of the following amounts:

History: 1999 a. 9.

X

**SECTION 2.** 121.15 (3m) (a) 1. of the statutes, as affected by 1999 Wisconsin Act 9, is amended to read:

121.15 (3m) (a) 1. "Partial school revenues" means the sum of state school aids, other than the amounts appropriated under s. 20.255 (2) (bi) and (cv), property taxes levied for school districts and aid paid to school districts under s. 79.095 (4), less the amount of any revenue limit increase under s. 121.91 (4) (a) 2. due to a school board's increasing the services that it provides by adding responsibility for providing a service transferred to it from another school board and, less the amount of any revenue limit increase under s. 121.91 (4) (a) 3. and less the amount of any revenue limit increase under s. 121.91 (4) (h).

History: 1999 a. 9.

~~Problem w/ 61328~~

~~Not covered in Kenosha~~

~~2126m~~

INS A

¶ (a) A tax incremental district that is located in whole or in part in the school district is terminated before the maximum number of years that the tax incremental district would have existed under S. 66.46(7)(am) or (ar).<sup>✓</sup>

¶ (b) The value increment of the tax incremental ~~district~~ district ~~is at least~~ exceeds \$300,000,000.<sup>✓</sup>

## Barman, Mike

---

**From:** Barman, Mike  
**Sent:** Friday, October 29, 1999 10:37 AM  
**To:** Maternowski, Peter  
**Cc:** Lief, Madelon  
**Subject:** 99-3845/1



99-3845/1

*Mike Barman*

Mike Barman - Program Asst. (PH. 608-266-3561)  
(E-Mail: [mike.barman@legis.state.wi.us](mailto:mike.barman@legis.state.wi.us)) (FAX: 608-264-6948)

State of Wisconsin  
Legislative Reference Bureau - Legal Section - Front Office  
100 N. Hamilton Street - 5th Floor  
Madison, WI 53703

# SUBMITTAL FORM

## LEGISLATIVE REFERENCE BUREAU Legal Section Telephone: 266-3561 5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 10/29/1999

To: Representative Steinbrink

Relating to LRB drafting number: LRB-3845

### Topic

Authorizing school boards to create capital improvement funds and adjusting revenue limits

### Subject(s)

Education - school finance, Munis - miscellaneous

1. **JACKET** the draft for introduction \_\_\_\_\_

in the **Senate** \_\_\_\_ or the **Assembly** ☒ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT**. See the changes indicated or attached \_\_\_\_\_.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Madelon J. Lief, Legislative Attorney  
Telephone: (608) 267-7380



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

November 15, 1999

LRB  
~

## MEMORANDUM

**To:** Representative Steinbrink

**From:** Madelon Lief, Legislative Attorney, (608) 267-7380  
Peter R. Grant, Assistant Chief Counsel, (608) 267-3362  
Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

**Subject:** Technical Memorandum to **1999 AB 576** (LRB 99-3845/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

## MEMORANDUM

November 11, 1999

**TO:** Madeline Lief, Peter Grant and Marc Shovers  
Legislative Reference Bureau

**FROM:** Yeang-Eng Braun *YEB*  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 576 – Authorize Creation of Capital Improvement Funds by School Boards

The definition of eligible costs in s. 66.46(2), Stats., and the review requirements by the joint review board as specified in s. 66.46(4m), Stats., would need to be amended in order to permit the use of funds as provided in the bill.

The bill does not address the procedures that would be necessary for the affected municipalities and the Department of Revenue to administer the school district capture of tax incremental financing (TIF) tax increments. For example, would the revival of a terminated TIF district (TID) require approval by a joint review board? Would the TID exist for the other taxing jurisdictions or would value increments only be generated for the school district?

In order for the department to administer the bill, notification requirements should be included so that the department is aware within the current TIF administrative calendar whether TID values are to be determined for an existing TID. For a terminated TID, notification should provide additional time for the department and local assessor to determine the boundaries of the reconstructed TID. Such a determination could prove difficult and time-consuming, since the local assessor does not identify parcels in terminated TIDs. Parcel renumbering and parcel splits could make the reconstruction of the TID boundaries difficult. Time would also be required to determine if the TID complies with the equalized value limits under TIF law.

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.

YEB:RAB:rb  
t:\fsn99-00\rb\ab576.tec